

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

SELECT COMMITTEE ON JOBS AND INCOME

Call to Order: By Chairman Bob DePratu, on December 1, 1998, at 8:36 A.M., in Room 325.

ROLL CALL

Members Present:

Sen. Bob DePratu, SD 40, Chairman (R)
Rep. Karl Ohs, HD 33, Vice Chairman (R)
Sen. Jon Tester, SD 45, (D)
Sen. Mignon Waterman, SD 26, (D)
Sen. Lorents Grosfield, SD 13, (R)
Rep. Bruce Simon, HD 18, (R)
Rep. Emily Swanson, HD 30 (D)
Sen. Mike Taylor, SD 37 (R)
Rep. Doug Mood, HD 58, (R)
Rep. Carly Tuss, HD 46, (D)

Staff Present: Gordon Higgins, Legislative Services Division
Deb Thompson, Committee Secretary

Minutes are condensed and Paraphrased. Cross referencing can be done through tape notations.

Committee Meeting Dates:

Meeting Dates Posted 11/24/98

Subcommittee on Research
and Development

11/30/98, Room 104 8:00

**Select Committee on Jobs
and Income:**

11/30/98, Room 104 9:30

**12/1/98, Room 325 8:30
Public Input**

12/7/98, Room 104 9:30

12/8/98, Room 325 8:30

MEETING ON JOBS AND INCOME PROPOSALS -Public Input

Chairman DePratu discussed the decline in major industries, an article written in the Great Falls Tribune, which pointed out the concerns for the state. He said the legislature would need to make this work so the change would be a meaningful accomplishment. He noted all the work done previously by task forces throughout the state in advance of this topic. This committee hearing with public input was one more opportunity to express workable ideas to bring forth positive changes. He introduced Bob Potter from Idaho who was the former sales vice president of AT&T and currently the director of the economic development in Coeur d'Alene, Idaho.

Bob Potter discussed the economic development program and commerce issues. He gave a slide presentation regarding the Jobs Plus mission statement. Business leaders formed the corporation to turn the economy around. which was funded by the business community. However, they needed more money to turn the economy around and that was where venture capital was needed. The strategy offered top quality career opportunities that paid good wages. The Jobs Plus strategy was to recruit small to medium sized companies who would be able to operate in a high cost, vulnerable region. It was important to be able to deal with owners of small companies who were able to make decisions as to changes. Companies were identified that could market on a national scale and were not location dependent. These companies also need to have the financial strength for success after relocating. The companies must have respect for environmental concerns, have reasonable wage rates, benefits and career path opportunities that meet the Jobs Plus standards. He stressed the importance of not wasting time or money on unrealistic chases.

{Tape : 1; Side : A; Approx. Time Counter : 3.1}

Potter discussed lead generation which he tapped through national advertising, Department of Commerce inquiries, telemarketing, direct mail, state sponsored advertising, media strategies, referrals, site consultants and regional development partnerships. He pointed out the need to target companies that are financially strong, small to medium size, good employee stewardship, that export a product or service, were not location dependent and could finance a move.

Potter said in comparison to California, Idaho was constantly removing relocation barriers. He noted the biggest worry for Montana was the continuity of the program would be weak, The average length of time to recruit a business into the state was 3-5 years. You don't want the client portfolio to go to waste. Political changes are the obvious danger. Pointing out to

companies the advantages for relocation such as savings in education, employee training, work comp benefits, utility costs, was a more impressive way to show a company rather than just offering a state brochure. Potter said the types of industries recruited were very diversified. He said as far as media strategy was concerned there was an unexpected advantage with print media exposure such as articles in USA Today.

{Tape : 1; Side : A; Approx. Time Counter : 15}

Potter said he becomes a friend to the recruited company, visits every company, finds out the number of jobs, payroll, capital expenditures, average wage, cost per job, occupancy square footage needs. He pointed out most of the companies recruited paid 10-15% above average wages. His group also provides 1999 and 2000 projections. In order to provide projections the key issue is to ensure the program will last.

Potter advised it is important to consider the ripple effect of job creation. To get started, don't over complicate the mission, understand the strengths and weaknesses of the community. Fund the program for at least four years for continuity. Hire the right person the first time because constant turnover is doom for failure. Do not expect immediate results but have a long sales sight. To manage the process someone has to be the sales manager. Recruit quality companies, focus on the needs of the client. Avoid hidden agendas and keep the strategies simple.

{Tape : 1; Side : A; Approx. Time Counter : 28.5}

Potter clarified the Idaho Department of Commerce has a person assigned to each of five regions. They have a vendor support system including a close international airport. Each of the regions work with Washington state especially Spokane. He often recruits companies by way of the Southern California business directory.

Questions from the Committee

Sen. Grosfield asked Mr. Potter what advantages Idaho had over Montana when recruiting businesses. Potter gave the example of a company looking to relocate either in Kalispell or Coeur-d'Alene. He said it represented a 3-4 million dollar capital investment. The company had 24 employees. There were advantages in Kalispell. Comparing the tax structure there were no list of incentives such as free land, but Idaho had a corporate income tax of 10%, they have a sales tax but not on equipment used in production. He noted that Idaho's Worker's Comp program was the best in the country. He commented on the reinvestment of tax revenue through bonds. Companies like Idaho's political

stability. The tax structure is pro-business, though Idaho has no major incentive program.

{Tape : 1; Side : A; Approx. Time Counter : 38.7}

Sen. Taylor asked why Mr. Potter felt Idaho was more successful. Potter responded his board does a good job of managing the portfolios. He stressed the importance of continuity, managing, hiring a sales person-which is a sales marketing job.

{Tape : 1; Side : A; Approx. Time Counter : 42.4}

Sen. Taylor said the success may be an increase of business in the area but the concerns of Montanans is changes to the quality of life. Potter pointed out when there are no decent jobs the kids move to Seattle.

{Tape : 1; Side : A; Approx. Time Counter : 44.1}

Sen. Tester asked what role transportation played in the recruitment process. Potter said most companies that are small to medium size ship UPS. He noted there was not many places that provided next day air. He said Burlington Northern was an excellent transportation system as well as the truck hubs.

{Tape : 1; Side : A; Approx. Time Counter : 45.6}

Rep. Tuss asked whether each region was responsible for a mission statement. Potter said the mission was to focus on sales. They had no money from the state commerce department.

Rep. Mood asked if there were special criteria they were looking for as to type of company and what would be an example of a company that sought to relocate that was not pursued. Potter replied an example would be telemarketing groups. Employees are lower paid and the company does not meet the criteria.

Rep. Simon talked about the model business recruiter being a regional officer, properly managed, that provided continuity where they were not subject to government politics, tied into the community for staff support and leads. Potter stated the plan would be doomed to fail if the position was a political appointment.

{Tape : 1; Side : A; Approx. Time Counter : 52.9}

Sen. Grosfield asked for clarification of the criteria. Potter said a company would be encouraged if they were shipping a product out and bringing the money in.

Chairman DePratu asked Mr. Potter for a photocopy of his slides. Potter said he would provide this. **EXHIBIT(joh00a01)** He said the

200 thousand dollars a year budget would insure continuity and it should be managed as a sales job.

Jobs and Income Document Page 38 See Exhibit on Matching Funds

Tom McCoy, representing Montana State University, distributed a federal grants list detailing matches required. **EXHIBIT(joh00a02)** He noted the research and commercialization commission was viewed as a multi-faced commission. He pointed out the EPSCoR program was used to stimulate research. The funding program sets aside money to support research in the universities. The important point is there is thousands of dollars available but the state must support matching funds. This is a major issue because of the impact on the universities. He said there was an even higher level of expectation of funding from the National Science Foundation. There are two aspects of this expectation. One was a cash match and the other was the state commitment to research and development. He pointed out that Senator Burns was the leader in the nation supporting the need for research money to be set aside. McCoy noted the ratio of federal money to the states, Montana is lagging significantly at .81. The federal government does expect a match in funds.

McCoy pointed out the recommendations from the Research and Commercialization Commission. See Exhibit 2, p. 4. He said the university research is instrumental in company's decisions to come to this state. Companies should have an incubator relationship with the universities to help them.

McCoy pointed out the importance of have a permanent state commitment and continuity between administrations. He listed a potential source of funds such as a Research and Commercialization Endowment or other sources that may be available in fiscal year 2000 (see Exhibit 2). He discussed the outcome of research programs such as the discovery of wheat varieties that have made a difference in marketing. It is important to recognize the extent of the return on investment in agricultural research. A lot of the technology transfers came from Montana State University. He pointed out the number of national licenses held by Montana technical based business. These businesses had been successful in terms of revenue, payroll and higher average salary, MSU graduates as employees, value of goods and services purchased in Montana.

Sen. Waterman asked for clarification in the makeup of the commission. McCoy replied the members represented research and commercialization activities plus legislative representation.

Sen. Waterman asked what the effect would be if agricultural research was separate. McCoy said the EPSCoR grants required that 37% was directly related to agriculture. He said the 2005 Task Force recommendation was specific in targeting agricultural research including value added livestock and crops.

Rep. Simon asked how the commission would translate research with licensing. McCoy said if someone developed new technology, as in virus technology which is potentially patent-able, this must be disclosed. They are given a document, sent to research and development to investigate and pursue the possibility of patenting. The point of patenting is a product may have statewide applications and in need of a license. He said there was a need to set a cutoff date, to examine the licenses to make sure the person has the ability to deliver on the technology that is being licensed and assess the best benefit. One thing in the commercialization development is the aspect of an incubator facility to entice startups to occur, based on the technology.

{Tape : 1; Side : B; Approx. Time Counter : 33.5}

Sen. Tester said research and development was necessary for growth of economy. The direction for funding purposes should be to create private jobs not academia. He requested actual numbers of patents created, funding and actual jobs created in research and development but not the agricultural aspect.

{Tape : 1; Side : B; Approx. Time Counter : 37.4}

Public Testimony

Ed Jasmin from Big Fork, a past Regent of the University System and member of economic development groups, testified in support of the proposals. He stressed the importance of continuity and the sharing of information. He said the good ideas and initiatives need to bridge changes from one administration to the next. He stated the start/stop, start/stop efforts have hurt us.

EXHIBIT (joh00a03)

Larry Farrar, representing MONTEC in Butte, spoke in favor of EPSCoR. He said the research funds were utilized for training and small business research. The community benefitted greatly. Higher paying jobs were a direct result of seed money. He noted that the Phase I Award of the National Science Foundation, of the five awards - four were awarded in Montana. The state can be very competitive. It is a benefit of knowledge of the program.

{Tape : 1; Side : B; Approx. Time Counter : 50}

Merlin Boxwell from Cut Bank, representing MGGA, spoke in support of the 2005 Task Force recommendations. He said he represented the Montana Graingrowers and this was clearly a historic even for the agricultural sectors.

George Mariegard representing Curves spoke in support of the Department of International Trade who supported the national marketing of Montana Naturals which is now marketed in other countries like Malaysia. He explained Montana Naturals produced diet supplements. There was an opportunity to market in Mexico. He said it was not hard to produce and get the product there but the commission helped with the regulations and tariff challenges. For example, imports from China to Mexico tacked on a 300 thousand dollar tariff. The trade commission was able to establish a preferred trading status to solve these types of problems. He noted the commission helps time after time with issues such as international banking, law, containers, among others. The ability of the International Trade Commission to offer help was competitive for the state, low priced, efficient labor and enabled business to compete in the international marketplace.

{Tape : 1; Side : B; Approx. Time Counter : 54.9}

Randy Johnson, Executive Vice President, representing the Montana Grain Growers Association, talked about the 2005 Task Force.

EXHIBIT (joh00a04) He noted the loss in the grain markets, the ethanol plant, and the efforts of stock growers to add value. He said there was one commonality and that was all were willing to test the water and begin thinking differently about the industry. He supports the proposals. He cautioned the committee to realize the agricultural task force was full of energy, enthusiasm and creativity, against the backdrop of low prices, and they were able to come up with a plan. He urged the committee to trust the task force and not to pick the plan to death. This represents a lot of work and manpower. A second caution was the talk of FTE and positions in business assistance and marketing, whether it be in agriculture or commerce. He said this is a partnership but the excitement comes from the fields and the producers who have a unique relationship with the Department of Agriculture.

Johnson pointed out the sticking points in the plan would be the tax system. His message was do not allow politics to get in the way of the task. That task was taking ownership of the Governor's Jobs and Income proposals with a passion. This is a critical turning point.

Jim Peterson, representing the Montana Stock Growers Association, discussed the 2005 Task Force goals to double the value and how to add value. He pointed out the majority of feeder cattle were

exported as a raw commodity. He asked how to move from selling a commodity to marketing products. He pointed out there were additional long term effects to funding the proposals with would help add value rather than just selling off commodities. Peterson talked about the tax reform coalition of 14 industry association groups that agreed on basic principals. They came up with five recommendations. Those were: to provide significant property tax relief; provide a retail sales tax; this would be revenue neutral and not an increase in the tax base; have it simple with no hidden taxes and to enhance jobs and income. The current system has no incentive to invest capital. Property improvements bring tax penalties. He pointed out the incentives to invest in Canada. There needs to be a level playing field with the trade issue.

Keith Bayles, Montana Stock Growers Association, discussed the Beef Supply Network. He said this concept of adding value would be an educational process. The Beef Quality Assurance is an educational program for members in the system in handling and implementation of practices. They track cattle through the system, showing how Montana performs. The consumer can have the product of choice. The MSU genetics work has been an integral part of the system. The Extension Service can provide statistical data for comparison of values. He suggested asking the Montana producers to pay a part since they are the ultimate winners. He pointed out that income diminishes year after year in Montana and there were better ways to overcome this.

{Tape : 2; Side : A; Approx. Time Counter : 17.7}

Jim Fleischmann, representing Montana People's Action, said there were many people encouraged by the potential offers of resources. **EXHIBIT (joh00a05)** He pointed out the statewide job gaps in living wages. He said there were a number of people who still lack jobs. Research indicates \$9.30 an hour is needed for basic necessities. He noted the failures with subsidizing businesses. Better paying jobs are needed rather than jobs where people still qualify for welfare.

Alec Hansen, representing Montana League of Cities and Towns, spoke about the Treasure State Endowment, Main Street and Local Leadership. He pointed out the need for an annual funding cycle for the Treasure State Endowment not just by-pass legislation. The cycle could be reviewed by the Long Term Planning Subcommittee to maintain legislative involvement. CI-75 made more hoops. Time is money and people are held up. He noted the importance of the Main Street proposal, managed by historic trusts, would revitalize small town business districts and help rebuild communities. The Local Leadership is vital for training

skills. Towns need to bounce back from extinction. This will contribute to the economy.

Colleen Barkley, representing a restaurant union in Missoula, spoke about her concern with earning a living wage. She pointed out there was a lot of information out about economic development but most important to understand was that ordinary Montanans were experiencing low income. She stressed the need to address a liveable wage. She demonstrated the importance of a worker's right to organize, since union members generally receive 34% more pay and 85% have health coverage. She pointed out the lack of enforcement in this area as there appears to be no sanctions. Employers will not stop unlawful motions. National labor rights do not protect employees. Employees fear employers. The state should support worker free choice to organize.

{Tape : 2; Side : A; Approx. Time Counter : 41.9}

Ester McDonald, President of the Montana Cattle Women, spoke in support of the 2005 Task Force recommendations. She stated the implementation of these strategies must come from those in agriculture. People in every sector had a part in the plan. To make this successful, we need those families who understand agriculture. She mentioned the loss of the stock yard in Butte that now there is a new yard in Butte. The importance of the Butte market is it is close to producers where shipping to Billings is cost prohibitive.

Jim Smitham, representing Montana Power, and president of the Montana Economic Development Association (MEDA) said they represent both the private and public sector. He noted disturbing trends in a decline of income and two income dependent families. The focus was to fulfill the government role in economic development and create new jobs. He said there were three legs: job retention, recruitment and the importance of technical support. The marketing assistance with trade shows would open new opportunities. Business recruitments would be at the same level as other states. He said he supports the certified communities program assistance as a whole.

{Tape : 2; Side : A; Approx. Time Counter : 50.1}

Lynn Robson, representing Gateway Economic Development Corporation, spoke in support of the proposals. **EXHIBIT(joh00a06)** She pointed out these tools provide assets that can be used and reused in the future.

{Tape : 2; Side : A; Approx. Time Counter : 54.5}

Jessica Keith discussed her belief in workers right to organize. She pointed out unions would provide a living wage and employees would have more confidence and less fear of employers. When

Montana looks at improving jobs and income, a strengthening of labor relations will help secure this goal.

Mike Foster, representing Montana Contractors' Association, discussed his observations. He noted that the construction industry was the only industry that produced some of the highest paying jobs. However, construction is down 2.8% during the construction season. He pointed out the assault on the natural resources industry. He said the question is what type of positive role will government play in the natural resources industry and what would provide new jobs in this area. Agriculture efforts have been great and appropriate for the expansion of business but what is there for the natural resources industry. Foster stated the Montana Contractors Association supports the VentureStar project and the development of business friendly attitudes as well as strengthening the permitting area. He said the proposals also held a unique opportunity to improve the transportation system. He said the development of an economic corridor to tie markets together should be explored. He cautioned the legislature to resist the diversion of funds but instead to meet the match.

Adele Ruby, representing the hotel and restaurant union, discussed her views. She was supportive of unions and the right to organize. She urged the legislature to avoid taxing tips. She pointed out waitresses hours go down in winter with a corresponding decline in take home pay.

{Tape : 2; Side : B; Approx. Time Counter : 8.2}

Randy Hanson, representing Bear Paw Development and the Small Business Development Center in Havre, read a letter from Dick King, the Executive Director. **EXHIBIT(joh00a07)** He stressed the need to pass one piece of legislation rather than risk losing the focus of creating more jobs and income.

{Tape : 2; Side : B; Approx. Time Counter : 11}

Ward Shanahan, representing the Rocky Mountain Trade Corridor, submitted a memorandum from Dick Krott, the Executive Director. **EXHIBIT(joh00a08)** Mr. Shanahan pointed out the Rocky Mountain Trade Corridor was already active in most areas outlined in the Governor's program and had a Canadian Trade Officer already on staff. He said their organization was ready to participate.

Bud Leuthhold, representing the Vision 2005 Task Force, emphasized the purpose was to create new jobs and to double agriculture. He discussed the problems of food processing in Montana. He said he supported the need for four positions in agriculture for people experienced in food processing. For

example, the gift pack business can't get their products on grocery store shelves. The structure of the grocery stores is a slot fee that looks more like extortion. When the items don't sell the store keeps the money and sends the product back. The big problem now is the consolidation of food chains. Now there is one distributor, one buyer and one broker. It is impossible for a small food company to deal with one broker and that broker can't take on the small food company. He stressed the need to create positive changes in the process, starting with the elimination of the tax problems.

{Tape : 2; Side : B; Approx. Time Counter : 18.5}

Ralph Kloser, representing the Small Business Development Center Network as the State Director, discussed his 30 years of experience being involved in the private sector, state and large corporations. **EXHIBIT(joh00a09)** **EXHIBIT(joh00a10)** He said he had four small businesses and knew the "joys" of meeting payroll. He said he was involved in the Headwaters RC&D and saw it evolve into a Small Business Development Center. He noted these centers were one of the best kept secrets. He reported other states had put these types of centers in the university system under the Small Business Administration. Seven other states are like Montana with the centers being under state government. Other states have centers under the educational system. He pointed out these centers were a one person shop that worked with businesses to help them with cash flow problems and markets. He discussed the base is a federal match program and that there was recently more funding available. If the state could help more, this would increase the funding base to support the jobs and income proposal. He commented on the economic impact from the calendar year of 1997, of the 9 centers there were 223 projects funded which yielded 657 jobs, retained 377 jobs and loaned out 21 million. He pointed to current 1998 statistics that showed the program was working well (See Exhibit 9a).

{Tape : 2; Side : B; Approx. Time Counter : 21.4}

Terry Abelin representing the Montana Ambassadors spoke in support of the economic development plan. He said he was from a tourism business and this would bring positive changes to this and other industries.

Don Allen, Executive Director of the Western Environmental Trade Association WETA, spoke in support of the proposals. He said the 2005 Task Force deserves thanks for all their hard work. However, this should not be limited to agriculture. He voiced concerns about the timber, mining and oil and gas industries that there be an incentive to maintain those industries and build on those. He pointed out that mining, timber and agriculture had been going on for a hundred years and Montana was still beautiful

where we could co-exist. He said these industries were necessary for a strong base.

{Tape : 2; Side : B; Approx. Time Counter : 37.7}

Mike Wustner, President of Wolf Point Productions and a native Montanan, discussed film production in the state. He pointed out that Canada steals the show. He discussed an article in the film magazine regarding three provinces in Canada that took in 2 billion dollars through motion pictures and commercials in a short period of time. Two thirds of the foreign production companies hire Canadian labor, buy goods and services. Fifty percent of U.S. companies go to Canada for the tax credit. Variety, the trade magazine, had an article about Canadian cities with American films being shot there. Wustner emphasized the fact that of two movies shot in Canada, one of them being "Snake Eyes", 90 million dollars went into the local economy. He said the reason for this is the tax structure where the offer of tax credits attracts 100 million and more into the country. He pointed out there were 250 professional film crew that live in Montana and work out of Montana since there are no films being produced here. He discussed the variety of jobs created by films that hired wranglers, truck drivers, mechanics, caterers, casting crews, dancers, among others. One third of the production budget goes into the local economy in an 8-10 week period. Wustner told the committee that tax credits don't cost Montana anything. He said it was like getting 65% of something rather than 100% of nothing. He said the film proposal had potential by itself and could be kept separate for legislation purposes.

Sue Huls, Executive Director, Montana Pork Producers Council, discussed the hog production part of the economic condition associated with family farms. **EXHIBIT(joh00a11)** She said members of the council strongly recommend the Vision 2005 Task Force report. She said the report was visionary and extraordinary. The advancement of technology with pork production has brought about good products and a world market. The goal is to increase hog production which is feasible. Montana has the natural resources needed, such as good barley for feed, and space. There are new markets in the western United States and Asia. There are technological advances. Rural communities need the economic development projects and the related jobs. She noted the problem of permitting and the state agency maze. The red tape is discouraging. Assistance would provide the keys to make business happen.

{Tape : 2; Side : B; Approx. Time Counter : 48.2}

Sharon Kindle, representing Montana WIFE, urged the committee to consider funding the growth through agriculture program. She

said she served on the task force and in her opinion the Crop Check Off proposal was a really good piece of legislation.

{Tape : 2; Side : B; Approx. Time Counter : 55.6}

Rick Hayes, Vice President of U.S. West, addressed points in the proposal. He talked about the network of telecommunication services. He said a good foundation was critical to the future of Montana. He pointed out the Internet was "distance neutral" and everyone could participate. The network was in place 4-5 years ago, plus digital switching in cities with a high speed capability to transmit information. He said as far as the right of way program goes, U.S. West could take it or leave it. In other words, they have been there and done that. He cautioned opening up the state network to the private sector. He said there was a fine line between public and private and it was sometimes complicated to decide when information is public. The incentive program, with enhancing the program with a 2 million dollar start would make the difference. Companies would take a look at Montana; otherwise, their money can go to 49 other states. A 2 million dollar investment would leverage a 10 million dollar return. Hayes distributed a map of the U.S. West relay network. **EXHIBIT(joh00a12)**

{Tape : 2; Side : B; Approx. Time Counter : 56.9}

Erin Barrett, representing MEDA and BLDC, emphasized how important the proposals were to the grassroots. {Tape 3; Side A} He noted the package represented new tools and an expansion of existing tools to expand economic growth. Capacity would be developed at the local level with a way to retain profits. He complimented the Department of Commerce with their work in helping economic development. He emphasized the importance of keeping the package whole. He said you have to build economic development out of the advantages we already have. Agriculture, forest products, mineral and energy are the most economically strong, natural advantages we have, yet we are doing less when these than we ever have before. He said it was a complex endeavor but 47 elements should not be kept hostage to one issue such as the personal property tax. He said to keep controversy out. Barrett distributed a document detailing quality jobs in Butte in the Silicon/Semi-conductor industry. **EXHIBIT(joh00a13)** He pointed out the manufacturing jobs, mines, mills and foundries are very high quality jobs.

{Tape : 2; Side : B; Approx. Time Counter : 63.1}

Lynn Grey, an employee of Jorgenson's of Helena and a union member spoke about the economic development issues and the importance of the impact on the minimum wage. She said she opposed any legislation that taxed tip money. She emphasized the importance of livable wages.

{Tape : 3; Side : A; Approx. Time Counter : 19.6}

Darrell Holzer, representing AFL-CIO, spoke about his concern with working families. He noted the Executive Secretary, Tom Judge, said that organized labor supports responsible economic development in Montana. Holzer pointed out the alarming statistics where fewer Montanan's were covered by employer sponsored health care. Statistics point to a need for change. He noted the barriers to attract businesses to Montana was the low population base, high shipping costs with rail monopolies, Montana weather delays, increased heating costs plus with the deregulation of electric companies there is less stability. CI 75 set the stage for problems in getting project accomplished, waiting for a vote from the people. He said this represented just a few of the barriers. As far as the proposals were concerned, he felt they lacked details. He said their organization supports the ethanol plant in Great Falls but oppose the sister state status with China since their people are exploited by their government. He said they support more emphasis on education such as the apprenticeship training. He noted the exodus of Montana's best and brightest because of the dismal wages. Job training for employees should be jobs with benefits.

{Tape : 3; Side : A; Approx. Time Counter : 21.1}

Rex Kendall, representing IBEW, Local 44, discussed his firing from the broadcast station when he tried to organize a union. He went to work full time in union organizing. He described the climate of fear in the broadcast business where employees were scared they would loose their jobs. He pointed out that all television stations are owned outside of Montana. They are anti-union and the broadcast workers are at the bottom. He said their mind set is a master/slave relationship with employees where the employees have no say. Wages have to go up but the employers will not raise wages. There is no level playing field.

Mike Sheckron, Eagle Cliff Association in Helena, discussed his concerns about the hidden part of the economy, the non-profit organizations. Economic development is focused in the private sector but the non-profit area is disconnected and left out of the equation. He said there were 6000-7000 non profit organizations with a large number of employees yet there is no data. There is no access and no assistance from the Secretary of State's office on market information for non-profit groups. He said to consider this hidden sector; in the health care partnerships alone there was a billion dollar industry. If the Legislature could give direction for the state to access non-profits, they may find a missing link for economic development. Where can non-profits turn for assistance to grow, he asked.

Paul Corin, Alternative Energy Research Organization, AERO, discussed the sustainable agriculture issues. Organic farmers get higher prices because of their niche markets but they do not have higher input values. He noted Montana had produced 70% of the world food production which had fallen to 15%. If agriculture production would double it would create more business.

{Tape : 3; Side : A; Approx. Time Counter : 49.8}

Robert Holmes discussed his viewpoints. He said it made sense to increase the liveable wage and reduce multiple jobs. He said there should be no restriction for workers to organize. He encouraged the strengthening of those people at the bottom, to equalize opportunities.

{Tape : 3; Side : A; Approx. Time Counter : 55.3}

Melissa Case, representing the Hotel Employees, Local 27, distributed the city proclamation packet, supporting the Montana labor community. **EXHIBIT(joh00a14)**

Chris Gallup, Director of Government Affairs for the Montana Chamber of Commerce, spoke in support of the proposals. He noted this plan was developed by going out to the people to create the process. He explained the chamber has 800 businesses which were not big business but Montana people. He said the concern is for a stable business climate that leads to a prosperous business environment. He said the tools were good and they provided flexibility in how there were used.

Riley Johnson, representing National Federation of Independent Businesses, NFIB, spoke about the economic development issue which was a phrase that was misused. He said we were talking about small businesses who had enthusiasm and support. He described the man in Forsyth who told him he had run out of people to sell hammers to in his small town. He said the state role was to inform, educate and rally and to be realistic about economic development.

Andy Poole, Department of Commerce, represented Bob Taylor from the Montana State University Manufacturing Extension Center. He said the center was valuable and necessary for value added commodities. There were 5 professional engineers to help small manufacturers be successful in world markets. **EXHIBIT(joh00a15) EXHIBIT(joh00a16)**

{Tape : 3; Side : B; Approx. Time Counter : 8.8}

Peter Blouke said this was a productive process where the barriers and issues were discussed. He had an opportunity to

participate in the task force. There were common goals and concerns which point to our economy is not isolated. The first step of the process is to turn the economy around for the future.

Public testimony closed.

The committee discussed the costs involved with bringing Mr. Potter from Idaho for the presentation. The costs were plane fare and a one night stay.

Rep. Tuss moved to approve paying for these costs. The motion was seconded by Sen. Waterman. The vote was unanimous.

ADJOURNMENT

Adjournment: 3:40 P.M.

SEN. BOB DEPRATU, Chairman

DEB THOMPSON, Secretary

BD/dt

EXHIBIT (joh00aad)